

Request for Council Action

Originator Housing Redevelopment Authority	Item Housing Improvement Area Policy
Agenda Section CONSENT AGENDA	Date 8/4/2014
Description	

Housing Improvement Areas (HIA) are a public financing tool that cities and other public entities are authorized to create to assist homeowner associations with common area capital improvements that the associations cannot otherwise afford to finance. Approving the attached HIA Policy will establish a HIA program in Bloomington.

The HIA program is intended to assist the HRA and the City to promote investment in and preservation of the existing housing stock in Bloomington. As noted in the City's 2008 Comprehensive Plan, the future condition of Bloomington housing depends on ongoing reinvestment in maintenance and improvements. The HIA program will provide associations that lack the reserve funds to pay for capital improvements with a financing tool to assist in completing needed repairs.

As discussed at the May 12, 2014 Council Study session, the Housing and Redevelopment Authority (HRA) will administer the program. The HRA Board approved the attached policy at its July 8, 2014 meeting. Minutes of the meeting are enclosed.

Bloomington has over 4,880 units in homeowner associations or common interest communities (CIC), many of which are now over 30 years old and in need of significant capital improvements. The HIA program will allow a CIC to apply to the HRA to finance the improvements and repay a loan to the CIC through assessments of homeowners who are members of the CIC. Staff has confirmed that special assessments are generally not a deductible item on either state or federal taxes. Property owners may include the special assessments on their tax statement as part of the full statement provided to their CPA's; however the special assessments are correctly not included as a deductible item. Should anyone be aware of specific provisions in the Federal or State tax codes on this type of special assessments being deductible, please feel free to forward that to the City Manager for review, and as appropriate, to be included in the advisory material to program applicants. The capital for loans would be funded by selling bonds. Homeowner assessments would include interest, an administrative fee and costs incurred by the HRA/City, such as professional fees.

The policy has been developed by staff and Springsted, the City and HRA's financial advisor. Staff has identified a candidate CIC for the first loan under the proposed policy. The project will be subject to HRA and City Council approval at a future meeting if the HIA policy is approved.

Requested Action

Staff recommends approving the Housing Improvement Area Policy.

Attachments:

HIA Financing Policy
HRA Minutes 7-8-2014